FAS REPORT

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 39-81

WASHINGTON, Sept. 30--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The SOVIET UNION has purchased almost 9 million tons of wheat and corn since reentering the U.S. grain market in late July. Purchases of 1.55 million tons were for delivery during the fifth year of the U.S.-USSR Grains Agreement. The 7.25-million-ton balance is for delivery during the sixth year of the agreement (October -September 1981/82).

In early August, the United States and the USSR agreed to a one-year extension of the agreement (the sixth year), which provides for the Soviets to make purchases annually of a minimum of 6 million tons of wheat and corn combined in approximately equal proportions. Under the agreement, additional purchases of 2 million tons of either wheat or corn are provided for without prior consultations.

On Sept. 30-Oct. 1, U.S. and Soviet officials will consult in Moscow on possible additional sales of U.S. grain to that market.

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In the SOVIET UNION, generally favorable weather during the last two months has promoted a rapid harvest and likely minimized harvesting losses for this anticipated third consective poor harvest. By Sept. 21, harvesters had swathed small grains (i.e., all grain crops except corn) and pulses on 113 million hectares, compared with 108 million at the same time a year ago and the 1974-80 average of 110 million hectares. The 113 million hectares represent about 94 percent of the area sown to small grains and pulses. The harvested area at 112 million hectares is only one million less than the swathed area, indicating that grain in windrows is drying quickly. Also by Sept. 21, corn for grain had been harvested on 1.1 million hectares or about 32 percent of the sown area.

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In the UNITED KINGDOM, early indications from principal growing regions suggest that only 35 percent of the wheat crop will have higher than 11 percent protein. Last year 76 percent of the wheat harvested in the same regions had at least 11.5 percent protein. However, 1980 was an exceptional year for quality, with the average protein level at 12.1 percent, compared with 11.4 percent in 1978 and 11 percent in 1979.

The lower quality U.K. wheat crop is expected to affect both imports and utilization levels. Demand for imports of high-protein spring wheats, normally supplied mostly by Canada and the United States, should increase. On the other hand, feed compounders tend to use wheat rather than barley when the premium for feed barley becomes less than 8 to 10 pounds sterling. The current spread is less than 6 pounds sterling.

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BRAZIL appears serious about its commitment to increase production of corn for export, as recently evidence by a Brazilian/Soviet trade agreement (1983-86) that calls for Brazil to export a minimum of 500,000 tons of corn annually. Brazil has not exported corn since 1978 and imports in recent years have ranged from 1.5 to 2 million tons annually.

To stimulate corn production, the government has announced a 1981 crop-support price above the local market price and linked to the consumer price index. This so-called basic price for corn of about US $120 equivalent per ton is 55 percent above last year's level and compares with a basic price for soybeans of US $154 equivalent per ton. The soybean price is below the market level and represents an increase of only 43 percent over last year. The fundamental incentive underlying increased corn production in Brazil is substantially higher internal prices.

OILSEEDS AND PRODUCTS

Production of FISHMEAL in the major producer-exporter countries registered substantial recovery during July, compared with recent months, as well as the same months a year ago. However, exports in July continued to lag sharply, causing some increase in stocks, particularly in Chile and Peru. In the current season, Chile is displacing Peru as the leading producer-exporter of fishmeal. The data are as follows in 1,000 metric tons:

	Jan.-July 1980		Jan.-July 1981	
	Production	Exports	Production	Exports
Chile	273.6	235.9	338.2	185.7
Iceland	95.0	101.2	60.4	62.9
Norway	181.2	164.1	207.2	174.2
Peru 1/	305.2	280.1	299.1	132.2
South Africa	145.9	8.7	150.5	3.6
Total	1,000.9	790.0	1,055.4	558.6
Monthly average:				
Jan-March	152.3	112.2	124.9	67.6
April-June	155.7	115.7	166.5	96.4
July	76.9	106.4	181.1	66.8

1/ Includes cannery meal.

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TOBACCO

IRELAND's imports of U.S. tobacco fell 30 percent in 1980 from 1979. Although the United States is still the largest supplier of leaf tobacco to this market, leaf from Brazil, Zimbabwe and India are rapidly eroding the U.S. share. U.S. tobacco held 22 percent of the Irish market in 1980, compared with 29 percent in 1973, while Brazil's share reached 21 percent during 1980.

The decline in U.S. tobacco exports to Ireland is attributable to higher prices and the unusually poor quality of the past two crops. Tobacco from some developing countries, much of which receives duty preferences in the European Community, has become very competitive as leaf quality has steadily improved.

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CHINA's 1981 flue-cured tobacco production is forecast at 1 million tons, up 34 percent from the short 1979 crop. Producer prices for 1981 were raised an average of 20 percent, and the area planted to flue-cured tobacco jumped 47 percent to an estimated 587,000 hectares, according to the Ministry of Agriculture. Tobacco import needs are expected to decline because of the larger crop.

Growing conditions in China have been generally favorable, with excessive rain and flooding limited to areas where flue-cured production is not of major importance. However, sun-cured leaf output may have been affected.

The 1981 leaf purchase prices paid by the supply and marketing cooperatives to producing units were increased by the State Council. The standard grade prices were raised from 1.208 yuan per kilogram (71 U.S. cents per kilogram) to 1.445 yuan per kilogram (84 U.S. cents per kilogram). The quality premiums were increased from 16 to 20 percent, with top price set at 1.741 yuan ($1.02). The price increases have reestablished the pre-1979 price relationships between tobacco and competitive crops, which makes tobacco more attractive to growers.

HORTICULTURAL AND TROPICAL PRODUCTS

In SPAIN, total citrus output for the 1981/82 season is projected to drop 11 percent from the preceding year's level, despite a 25-percent increase in the lemon crop. Unusually cold temperatures during December 1980 and January 1981, coupled with a heat wave in June, resulted in severe flower droppage and irregular fruit sets throughout

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Spain's citrus growing areas. The official 1981/82 crop forecasts, in tons, with 1980/81 comparisons, are as follows:

	1981/82	1980/81
Sweet oranges	1,433,900	1,692,610
Sour oranges	17,780	18,490
Tangerines	737,375	901,085
Lemons	426,810	341,565
Grapefruit	9,270	9,310
Total	2,625,135	2,963,060

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The INTERNATIONAL COCOA ORGANIZATION announced that the buffer stock manager began purchasing cocoa in defense of the International Cocoa Agreement's (ICCA) floor price on Sept. 28.

Under the ICCA rules, the buffer stock manager can purchase up to 10,000 tons daily, but no more than 35,000 tons during any five consecutive working days, up to a maximum of 100,000 tons. The 10,000-ton daily limit was purchased on Sept. 28. Should purchases reach 100,000 tons and the indicator price is still below $1.10 per pound for five consecutive days, the lower intervention price will drop to $1.06 per pound, and the manager will be required to buy up to 75,000 tons in defense of the new price level. As of July 31, the buffer stock fund had $220.5 million available for cocoa purchases in defense of the lower intervention price level.

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TURKEY recently decreased the export deposit rates for filberts and pistachio nuts in an effort to encourage exports and to minimize present stocks. The new amounts required of exporters are 70 lira per kilogram for shelled filberts, 35 lira for unshell filberts, 10 lira for inshell pistachios, and 15 and 20 lira for shelled pistachios, with and without skin, respectively.

Higher deposit rates earlier this year were intended to stabilize local prices in view of the lira devaluation, but exports remained below expectations. The minimum export price to which Turkish filberts were subject was abolished by the government recently, allowing exporters to determine their own prices.

The government also has recently established the filbert support prices per kilogram for 1981: unshelled, round filberts, 125 lira, a 14-percent increase over last year; and pointed filberts, 115 lira. Turkish producers are reportedly unhappy with these prices, claiming the cost of production has increased considerably since last year. They were expecting a price of about 140 to 150 lira per kilogram.

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TURKEY's new support prices and exports deposits for raisins and figs have been set for 1981/82. The grower support price for standard no. 9 sultana raisins is 110 lira per kilogram. Additional premiums per kilogram are available as follows: 1.30 lira for raisins dried in concrete drying yards or under awnings; 1 lira for raisins dried on paper or on canvas and 1.30 lira for raisins produced from trelissed vineyards.

This 30-percent increase in the support price has been well received by both producers and exporters. It appears, however, that the level of credit granted to TARIS (Union of Farm Sales Cooperatives) will allow them to buy only about 30,000 tons of raisins or one-third the estimated 1981 crop because the credit to TARIS has been reduced from 5 billion lira last year to 3.3 billion. This situation should enable private exporters to function more freely.

The export deposit rate for seedless raisins is set at 20 lira per kilogram.

The new support price for dried figs is 65 lira per kilogram, versus 50 lira during 1980/81, while the export deposit rate for dried figs, fig paste and industrial figs is 15 lira per U.S. dollar, versus 20 lira last year. (Turkish lira devaluations have caused the exchange rate to jump from 80 lira per U.S. dollar in August 1980 to about 121 lira per U.S. dollar in August 1981.)

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In INDIA, jute and jute goods prices are expected to remain depressed during the balance of the 1980/81 crop year--a crisis ridden year for that country's jute industry. The continuation of good production prospects for 1981/82, (1.42 million tons) and large carryover stocks are cited as the primary causes.

In addition, unrecorded or smuggled raw jute from Bangladesh is unofficially estimated at 54,000 tons, however, less than the 108,000 tons which came in the preceding year. According to the U.S. agricultural attache in New Delhi, there have been no official imports of raw jute into India during 1980/81.

NEW FOREIGN AGRICULTURE CIRCULARS

World Oilseed Situation, FOP 16-81
World Cotton Situation, FC 20-81
World Almond and Filbert Situation--1981, FN 3-81

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 29, 1981		Change from previous week	A year ago
	$ per m. ton	$ per bu.	¢ per bu.	$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.......	187.50	5.10	-07	209.50
U.S. No. 2 DHW/HW: 13.5%......	201.00	5.47	0	214.00
U.S. No. 2 S.R.W..............	179.00	4.87	-03	208.00
U.S. No. 3 H.A.D..............	187.00	5.09	-08	295.00
Canadian No. 1 A: Durum.......	218.00	5.93	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn........	130.00	3.30	-10	157.50
U.S. No. 2 Sorghum 2/.........	142.50	3.62	-09	167.00
Feed Barley 3/................	148.00	3.22	-05	174.00
Soybeans:				
U.S. No. 2 Yellow.............	255.50	6.95	-18	316.25
Argentine 4/..................	1/	1/	1/	313.50
U.S. 44% Soybean Meal (M.T.)..	228.00	--	-12.50 5/	288.00
EC Import Levies				
Wheat 6/......................	72.20	1.96	-27	103.20
Barley........................	74.45	1.62	-14	87.10
Corn..........................	92.00	2.34	-15	107.95
Sorghum.......................	76.10	1.94	-15	94.50

1/ Not available.
2/ Optional delivery: U.S. or Argentine Granifero Sorghum.
3/ Optional delivery: U.S. or Canadian Feed Barley
4/ Optional delivery: Brazil yellow.
5/ Dollars per metric ton.
6/ Durum has a special levy.

Note: Basis October delivery.

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